

## Postal Regulatory Commission

## § 3060.12

and for the close of each successive fiscal quarter at the Postal Administrative Area and National levels.

### § 3055.92 Customer Experience Measurement Surveys.

(a) The report shall include a copy of each type of Customer Experience Measurement instrument, or any similar instrument that may supersede the Customer Experience Measurement instrument used in the preceding fiscal year.

(b) The report shall include information obtained from each type of Customer Experience Measurement instrument, or any similar instrument that may supersede the Customer Experience Measurement instrument including:

(1) A description of the customer type targeted by the survey;

(2) The number of surveys initiated and the number of surveys received; and

(3) Where the question asked is subject to a multiple choice response, the number of responses received for each question, disaggregated by each of the possible responses.

## PART 3060—ACCOUNTING PRACTICES AND TAX RULES FOR THE THEORETICAL COMPETITIVE PRODUCTS ENTERPRISE

Sec.

3060.1 Scope.

3060.10 Costing.

3060.11 Valuation of assets.

3060.12 Asset allocation.

3060.13 Valuation of liabilities.

3060.14 Competitive products enterprise statement of allocated assets and liabilities.

3060.20 Reports.

3060.21 Income report.

3060.22 Financial status report.

3060.23 Identified property and equipment assets report.

3060.24 Competitive products fund report.

3060.30 Statement of allocated assets and liabilities for competitive products.

3060.31 Initial filing.

3060.40 Calculation of the assumed Federal income tax.

3060.41 Supporting documentation.

3060.42 Commission review.

3060.43 Annual transfer from competitive products fund to Postal Service fund.

AUTHORITY: 39 U.S.C. 503, 2011, 3633, 3634.

SOURCE: 73 FR 79261, Dec. 24, 2008, unless otherwise noted.

### § 3060.1 Scope.

The rules in this part are applicable to the Postal Service's theoretical competitive products enterprise developed pursuant to 39 U.S.C. 2011 and 3634 and to the Postal Service's obligation to calculate annually an assumed Federal income tax on competitive products income and transfer annually any such assumed Federal income tax due from the Competitive Products Fund to the Postal Service Fund.

### § 3060.10 Costing.

(a) The assumed taxable income from competitive products for the Postal Service's theoretical competitive products enterprise for a fiscal year shall be based on total revenues generated by competitive products during that year less the costs identified in paragraph (b) of this section calculated using the methodology most recently approved by the Commission.

(b) The net income for the Postal Service's theoretical competitive products enterprise shall reflect the following costs:

(1) Attributable costs, including volume variable and product specific costs; and

(2) The appropriate share of institutional costs assigned to competitive products by the Commission pursuant to 39 U.S.C. 3633(a)(3).

### § 3060.11 Valuation of assets.

For the purposes of 39 U.S.C. 2011, the total assets of the Postal Service theoretical competitive products enterprise are the greater of:

(a) The percentage of total Postal Service revenues and receipts from competitive products times the total net assets of the Postal Service, or

(b) The net assets related to the provision of competitive products as determined pursuant to § 3060.12.

### § 3060.12 Asset allocation.

Within 6 months of January 23, 2009, and for each fiscal year thereafter, the Postal Service will develop the net assets of the theoretical competitive products enterprise as follows:

### § 3060.13

(a) Identify all asset accounts within the Postal Service's Chart of Accounts used solely for the provision of competitive products.

(b) Identify all asset accounts within the Postal Service's Chart of Accounts used solely for the provision of market dominant products.

(c) The portion of asset accounts in the Postal Service's Chart of Accounts that are not identified in either paragraph (a) or paragraph (b) of this section shall be assigned to the Postal Service theoretical competitive products enterprise using a method of allocation based on appropriate revenue or cost drivers approved by the Commission.

(d) Within 6 months of January 23, 2009, the Postal Service shall submit to the Commission for approval a proposed methodology detailing how each asset account identified in the Chart of Accounts shall be allocated to the theoretical competitive products enterprise and provide an explanation in support of each allocation.

(e) If the Postal Service desires to change the methodologies outlined above, it shall utilize the procedures provided in § 3050.11 of this chapter.

### § 3060.13 Valuation of liabilities.

Within 6 months of January 23, 2009, and for each fiscal year thereafter, the Postal Service will develop the liabilities of the theoretical competitive products enterprise as follows:

(a) Identify all liability accounts within the Postal Service's Chart of Accounts used solely for the provision of competitive products.

(b) Identify all liability accounts within the Postal Service's Chart of Accounts used solely for the provision of market dominant products.

(c) The portion of liability accounts in the Postal Service's Chart of Accounts that are not identified in either paragraph (a) or paragraph (b) of this section shall be assigned to the theoretical competitive products enterprise using a method of allocation based on appropriate revenue or cost drivers approved by the Commission.

(d) Within 6 months of the effective date of these rules, the Postal Service shall submit to the Commission for approval a proposed methodology detail-

### 39 CFR Ch. III (7-1-11 Edition)

ing how each liability account identified in the Chart of Accounts shall be allocated to the theoretical competitive products enterprise and provide an explanation in support of each allocation.

(e) If the Postal Service desires to change the methodologies outlined above, it shall utilize the procedures provided in § 3050.11 of this chapter.

### § 3060.14 Competitive products enterprise statement of allocated assets and liabilities.

The Postal Service will report the assets and liabilities of the theoretical competitive products enterprise as computed under §§ 3060.12 and 3060.13 in the format as prescribed under § 3060.30 for each fiscal year starting with FY 2010.

### § 3060.20 Reports.

(a) Beginning with reports for FY 2009, the Postal Service shall file with the Commission each of the reports required by this part by no later than 90 days after the close of each fiscal year. For FY 2008, the Postal Service may file these reports by January 15, 2009, with the exception of the report required by § 3060.24.

(b) Each report shall include workpapers that cite all numbers to primary sources and such other information needed to present complete and accurate financial information concerning the provision of competitive products.

(c) Each report shall utilize the same books of accounts and data collection systems used to produce the report required by part 3050 of this chapter.

(d) Each report shall include summary descriptions of computations used, assumptions made, and other relevant information in the form of notes to the financial statements.

(e) A one-time extension until January 15, 2009, shall be permitted for the submission of the reports due for fiscal year ending September 30, 2008.

(f) The accounting practices used by the Postal Service in the reports filed for FY 2008, as approved by the Commission, shall be used for all future reports until such time as they may be changed by the Commission. If the Postal Service desires to change such

## Postal Regulatory Commission

**§ 3060.22**

practices, it shall utilize the procedures provided in § 3050.11 of this chapter.

### § 3060.21 Income report.

The Postal Service shall file an Income Report in the form and content of Table 1, below.

TABLE 1—COMPETITIVE PRODUCTS INCOME STATEMENT—PRC FORM CP-01  
[\$ in 000s]

	FY 20xx	FY 20xx-1	Percent change from SPLY	Percent change from SPLY
Revenue: .....	\$x,xxx	\$x,x xx	xxx	xx.x
(1) Mail and Services Revenues .....	xxx	xxx	xx	xx.x
(2) Investment Income .....	x,xx	x,xxx	xxx	xx.x
(3) Total Competitive Products Revenue.				
Expenses:				
(4) Volume-Variable Costs .....	x,xxx	x,xxx	xxx	xx.x
(5) Product Specific Costs .....	x,xxx	x,xxx	xxx	xx.x
(6) Total Competitive Products Attributable Costs .....	x,xxx	x,xxx	xxx	xx.x
(7) Net Income Before Institutional Cost Contribution ...	x,xxx	x,xxx	xxx	
(8) Required Institutional Cost Contribution .....	x,xxx	x,xxx	\$xxx	x.x.x
(9) Net Income (Loss) Before Tax .....	x,xxx	x,xxx	\$xxx	xx.x
(10) Assumed Federal Income Tax .....	x,xxx	x,xxx	\$xxx	xx.x
(11) Net Income (Loss) After Tax .....	x,xxx	x,xxx	\$xxx	xx.x

Line (1): Total revenues from Competitive Products volumes and Ancillary Services.  
Line (2): Income provided from investment of surplus Competitive Products revenues.  
Line (3): Sum total of revenues from Competitive Products volumes, services, and investments.  
Line (4): Total Competitive Products volume variable costs as shown in the Cost and Revenue Analysis (CRA) report.  
Line (5): Total Competitive Products product specific costs as shown in the CRA report.  
Line (6): Sum total of Competitive Products costs (sum of lines 4 and 5).  
Line (7): Difference between Competitive Products total revenues and attributable costs (line 3 less line 6).  
Line (8): Minimum amount of Institutional Cost contribution required under 39 CFR 3015.7 of this chapter.  
Line (9): Line 7 less line 8.  
Line (10): Total assumed Federal income tax as calculated under 39 CFR 3060.40.  
Line (11): Line 9 less line 10.

### § 3060.22 Financial status report.

The Postal Service shall file a Financial Status Report in the form and content of Table 2, below.

TABLE 2—ANNUAL SUMMARY OF COMPETITIVE PRODUCTS FINANCIALS—PRC FORM CP-02  
[\$ in 000s]

	Beginning value	Change from prior year	Ending value
(1) Cumulative Net Income (Loss) After Assumed Federal Income Tax.			
(2) Total Financial Obligations (List of Financial Obligations).			
(3) Total Financial Investments (List of Financial Investments).			

Line 1: Beginning Value: Sum total of Net Income (Loss) as of October 1 of Reportable Fiscal Year.  
Change from Prior Year: Amount of Net Income (Loss) of Reportable Fiscal Year.  
Ending Value: Sum of Beginning Value and the Change from Prior Year.  
Line 2: Beginning Value: Sum total of Financial Obligations as of October 1 of Reportable Fiscal Year.  
Change from Prior Year: Amount of Net Financial Obligations of Reportable Fiscal Year.  
Ending Value: Sum of Beginning Value and the Change from Prior Year.  
Line 3: Beginning Value: Sum total of Financial Investments as of October 1 of Reportable Fiscal Year.  
Change from Prior Year: Amount of Net Financial Investments of Reportable Fiscal Year.  
Ending Value: Sum of Beginning Value and the Change from Prior Year.

**§ 3060.23**

**39 CFR Ch. III (7–1–11 Edition)**

**§ 3060.23 Identified property and equipment assets report.**

Report in the form and content of Table 3, below.

The Postal Service shall file an Identified Property and Equipment Assets

**TABLE 3—COMPETITIVE PRODUCTS PROPERTY AND EQUIPMENT ASSETS—PRC FORM CP–03**  
[\$ in 000s]

Finance No.	Finance location	Asset identifier	Asset description	Cost	Accumulated depreciation	Net book value
Total .....				\$x,xxx	\$x,xxx	\$x,xxx

**§ 3060.24 Competitive products fund report.**

Within 90 days of the close of each fiscal year the Postal Service will provide the most recent report of the activity of the Competitive Products Fund as provided to the Secretary of the Treasury under 39 U.S.C. 2011(i)(1).

**§ 3060.30 Statement of allocated assets and liabilities for competitive products.**

(a) The Postal Service shall file a Statement of Allocated Assets and Liabilities for Competitive Products in the form and content of Table 4, below.

**TABLE 4—STATEMENT OF ALLOCATED ASSETS AND LIABILITIES FOR COMPETITIVE PRODUCTS—PRC FORM CP–04**  
[\$ in millions]

	USPS annual report	FY20XX competitive products	FY 20XX–1 competitive products	Distributed on basis of:
<b>Total net assets</b>				
Cash and Cash Equivalents .....	\$x,xxx	\$x,xxx	\$x,xxx	
Net Accounts Receivable .....	x,xxx	x,xxx	x,xxx	
Supplies, Advances and Prepayments .....	x,xxx	x,xxx	x,xxx	
Appropriations Receivable—Revenue Forgone .....	x,xxx	x,xxx	x,xxx	
<b>Total Current Assets</b> .....	x,xxx	x,xxx	x,xxx	
<b>Property and Equipment:</b>				
Buildings .....	x,xxx	x,xxx	x,xxx	
Leasehold Improvements .....	x,xxx	x,xxx	x,xxx	
Equipment .....	x,xxx	x,xxx	x,xxx	
Land .....	x,xxx	x,xxx	x,xxx	
Accumulated Depreciation .....	x,xxx	x,xxx	x,xxx	
Construction in Progress .....	x,xxx	x,xxx	x,xxx	
<b>Total Property and Equipment, Net</b> .....	x,xxx	x,xxx	x,xxx	
<b>Total Assets</b> .....	\$x,xxx	\$x,xxx	\$x,xxx	
<b>Total Assets Determined from 39 U.S.C. 2011(e)(5)</b> .....	\$x,xxx	\$x,xxx	\$x,xxx	
<b>Total net liabilities</b>				
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Compensation and Benefits .....	x,xxx	x,xxx	x,xxx	
Payables and Accrued Expenses .....	x,xxx	x,xxx	x,xxx	
Customer Deposit Accounts .....	x,xxx	x,xxx	x,xxx	
Deferred Revenue-Prepaid Postage .....	x,xxx	x,xxx	x,xxx	
Outstanding Postal Money Orders .....	x,xxx	x,xxx	x,xxx	
Prepaid Box Rent and Other Deferred Revenue .....	x,xxx	x,xxx	x,xxx	
Debt .....	x,xxx	x,xxx	x,xxx	
<b>Non-Current Liabilities:</b>				
Workers' Compensation .....	x,xxx	x,xxx	x,xxx	

## Postal Regulatory Commission

## § 3060.42

TABLE 4—STATEMENT OF ALLOCATED ASSETS AND LIABILITIES FOR COMPETITIVE PRODUCTS—PRC  
FORM CP-04—Continued  
[\$ in millions]

	USPS annual report	FY20XX competitive products	FY 20XX-1 competitive products	Distributed on basis of:
Employees Accumulated Leave .....	x,xxx	x,xxx	x,xxx	
Deferred Appropriation and Other Revenue .....				
Long-Term Portion of Capital Lease Obligations .....	x,xxx	x,xxx	x,xxx	
Deferred Gains on Sales of Property .....	x,xxx	x,xxx	x,xxx	
Contingent Liabilities and Other .....	x,xxx	x,xxx	x,xxx	
Total Liabilities .....	x,xxx	x,xxx	x,xxx	

(b) The Statement of Allocated Assets and Liabilities for Competitive Products shall detail the analysis and selection of methods of allocation of total assets and liabilities to the competitive products.

### § 3060.31 Initial filing.

The due date for filing the initial Statement of Allocated Assets and Liabilities for Competitive Products is 90 days after the close of FY 2010.

### § 3060.40 Calculation of the assumed Federal income tax.

(a) The assumed Federal income tax on competitive products income shall be based on the Postal Service theoretical competitive products enterprise income statement for the relevant year and must be calculated in compliance with chapter 1 of the Internal Revenue Code by computing the tax liability on the taxable income from the competitive products of the Postal Service theoretical competitive products enterprise at the section 11 (regular) or section 55(b)(1)(B) (Alternative Minimum Tax) tax rates, as applicable.

(b) The end of the fiscal year for the annual calculation of the assumed Federal income tax on competitive products income shall be September 30.

(c) The calculation of the assumed Federal income tax due shall be submitted to the Commission no later than the January 15 following the close of the fiscal year referenced in paragraph (b) of this section, except that a one-time extension of 6 months, until July 15, 2009, shall be permitted for the calculation of the assumed Federal in-

come tax due for fiscal year end September 30, 2008.

(d) No estimated Federal income taxes need to be calculated or paid.

(e) No state, local, or foreign income taxes need to be calculated or paid.

### § 3060.41 Supporting documentation.

(a) In support of its calculation of the assumed Federal income tax, the Postal Service shall file detailed schedules reporting the Postal Service theoretical competitive products enterprise assumed taxable income, effective tax rate, and tax due.

(b) Adjustments made to book income, if any, to arrive at the assumed taxable income for any year shall be submitted to the Commission no later than January 15 of the following year.

### § 3060.42 Commission review.

(a) Interested persons shall be provided an opportunity to comment on the filing of the calculation of the assumed Federal income tax and supporting documentation.

(b) The Commission will review the calculation of the assumed Federal income tax submitted pursuant to § 3060.40, the supporting documentation submitted pursuant to § 3060.41, and any comments. The Commission then will issue an order either approving the calculation of the assumed Federal income tax for that tax year or take such other action as the Commission deems appropriate, including, but not limited to, directing the Postal Service to file additional supporting materials.

(c) The Commission will issue such order no later than 6 months after the

### § 3060.43

### 39 CFR Ch. III (7–1–11 Edition)

Postal Service's filing pursuant to § 3060.40.

(d) Notwithstanding paragraph (b) of this section, if the Commission determines within 3 years of its submission that the Postal Service's calculation of an assumed Federal income tax is incomplete, inaccurate, or otherwise deficient, the Commission will notify the Postal Service in writing and provide it with an opportunity to cure or otherwise explain the deficiency. Upon receipt of the Postal Service's responsive pleading, the Commission may order such action as it deems appropriate.

#### **§ 3060.43 Annual transfer from competitive products fund to Postal Service fund.**

(a) The Postal Service must on an annual basis transfer the assumed Federal income tax due on competitive products income from the Competitive Products Fund to the Postal Service Fund.

(b) If the assumed taxable income from competitive products for a given fiscal year is positive, the assumed Federal income tax due, calculated pursuant to § 3060.40, shall be trans-

ferred to the Postal Service Fund no later than the January 15 following the close of the relevant fiscal year.

(c) A one-time extension of 6 months, until July 15, 2009, shall be permitted for the transfer of the assumed Federal income tax due for fiscal year ending September 30, 2008.

(d) If assumed taxable income from competitive products for a given fiscal year is negative, and:

(1) A payment was made to the Postal Service Fund for the previous tax year, a transfer equaling the lesser of the amount paid into the Postal Service Fund for the past 2 tax years or the amount of the hypothetical tax on the loss shall be made from the Postal Service Fund to the Competitive Products Fund no later than the January 15 following the close of the relevant fiscal year; or

(2) No payment has been made into the Postal Service Fund for the previous 2 tax years, the loss may be carried forward and offset against any calculated assumed Federal taxable income on competitive products income for 20 years.